

## **STATEMENT BY SEN. BERNARD SANDERS AT EMPLOYEE OWNERSHIP FIELD HEARING**

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Thank you all for coming here today. Today's hearing of the Senate Health, Education, Labor and Pensions Committee is entitled "Investing in American workers: The benefits of expanding employee ownership."

The reason I called for today's hearing is simple. With the economy continuing to struggle to create jobs that pay a livable wage, employee ownership can and should be an important tool for workers in Vermont and all over this country to save and create decent-paying jobs and expand their businesses.

Holding this hearing in Vermont, instead of Washington, DC makes a lot of sense. Vermont has been a national leader on the issue of employee ownership. As we will see today, while companies throughout the country are hurting, many employee-owned businesses in Vermont are doing quite well and in many cases are thriving. One of the goals of this hearing is to demonstrate to the nation how employee ownership can be a national model in creating a sustainable economy that benefits all workers, not just the CEOs of large, multi-national corporations.

Study after study has shown that employee ownership has been proven to increase employment, increase productivity, increase sales, and increase wages in the United States. Unlike large corporations that have been shipping jobs overseas, employee owned businesses are not going to shut down and move their businesses to China, Vietnam, Mexico, or

Bangladesh where workers are paid 25 or 30 cents an hour. Further, employee owned businesses boost morale because workers share in future profits and have greater control over their work-life.

At a time when the gap between the rich and everyone else in our country is growing wider and wider, when the incomes of average Americans are in decline, when corporate America is outsourcing millions of decent paying jobs to China, India, Mexico and other low-wage countries, it's time to begin thinking of new economic models which benefit the middle-class. Employee ownership is one of those models.

Unfortunately, despite the important role that worker ownership can play in revitalizing our economy, the Federal Government has failed to commit the resources needed to allow employee ownership to realize its true potential.

To address this issue, I have introduced two pieces of legislation. The first bill (S.2909), the Worker Ownership, Readiness and Knowledge Act (known as the WORK Act), would create an Office of Employee Ownership within the Department of Labor. Among other things, this office would be responsible for providing grants to states to establish and expand employee ownership centers throughout the country, similar to those already in existence in Vermont and Ohio. Once funded, these local centers would be responsible for educating employees and retiring business owners about the benefits of employee ownership; and providing the training and technical support necessary to start-up or expand employee owned companies. This



legislation is being co-sponsored by Senators Leahy, Sherrod Brown, Menendez, Shaheen, and Lincoln.

The second bill that I have introduced S.2914 would create a U.S. Employee Ownership Bank to provide loans and loan guarantees to employees to purchase a business through an ESOP or a worker owned cooperative.

Today, the federal government currently provides a wide variety of federal loans, loan guarantees and other technical assistance to American companies as a way to increase U.S. jobs through exports. Providing federal loans and loan guarantees for the expansion of employee ownership would increase and retain jobs in the U.S. and strengthen the U.S. economy. This legislation is being co-sponsored by Senators Leahy, Sherrod Brown and Menendez.

By expanding employee ownership and participation, we can create stronger companies in Vermont and throughout this country, prevent job loss, and improve working conditions for struggling employees.

I am pleased that we have representatives from 4 employee owned companies here today: Steve Voigt, the CEO of King Arthur Flour in Norwich; Cindy Turcot, the Chief Operating Officer of Gardeners Supply Company in Burlington; Jeff Clark, the Operations Manager of Chroma Technology; and Tom McCabe the Treasurer of Pizzagalli Construction Company.

I am also delighted that Jon Crystal, the Executive Director of the Vermont Employee Ownership Center; Bruce Seifer, the Assistant Director for Economic Development at the City of Burlington's Community and Economic Development Office; Christopher Mackin, the President of Ownership Associates in Cambridge Massachusetts; and Bill McIntyre the Director of the Ohio Employee Ownership Center are here today.

I would now like to stop talking and go to our witnesses for their opening statements. I would ask that each of you keep your statements to three to four minutes so that we will have more time for questions and, more importantly a roundtable discussion on the benefits of employee ownership.

Let's start with Jon Crystal, the Executive Director of the Vermont Employee Ownership Center. When I was a Member of Congress, I was pleased to be able to secure nearly \$200,000 in federal funding for the start-up of the Vermont Employee Ownership Center and a Revolving Loan Fund for workers who need assistance in establishing ESOPs. Jon, we look forward to your testimony.

Let's now turn to Steve Voigt, the CEO of King Arthur Flour in Norwich, a highly successful employee owned company in Norwich.

Let's now go to Cindy Turcot, the Chief Operating Officer of Gardeners Supply Company, another highly successful employee owned company in Burlington.

Let's now go to Jeff Clark, the Operations Manager for Chroma Technology, another highly successful employee owned company in Bellows Falls.

Let's now go to Tom McCabe, the Treasurer of the Pizzagalli Construction Company, another highly successful employee owned company in South Burlington.

I would now like to turn to Bruce Seifer with the Community and Economic Development Office for the City of Burlington.

Let's now go to Chris Mackin, the President of Ownership Associates based in Cambridge, Massachusetts.

Last but not least, let's go to Bill McIntyre the Director of the Ohio Employee Ownership Center.